



Antares Capital

# Antares Responsible Investment Report

2023

# Contents

## 03

### Introduction

- Antares in the Financial Ecosystem
- A Message from Our Chief Executive Officer

## 06

### About Antares

- Who is Antares?
- Antares at a Glance

## 08

### Responsible Investment Team, Structure, and Governance

- Commitment from the Top
- An Integrated Effort
- Our Responsible Investment Journey

## 13

### Investment Process

- ESG Integration in our Investment Process
- Responsible Investment Policy
- Liquid Credit
- Training
- Risk Assessment and Management
- Portfolio Monitoring and Engagement for Private Credit
- Climate

## 22

### Corporate Citizenship

- Diversity, Equity, and Inclusion
- REACH: Aiming High, Expanding the Flow of Capital
- Charitable Giving
- Sharing Antares' Knowledge

## 30

### What's Next? Our Upcoming Priorities

- Investment Process
- Investor Needs and Reporting
- Stewardship and Engagement
- Commercial Partnerships and Trends

## 33

### In Closing

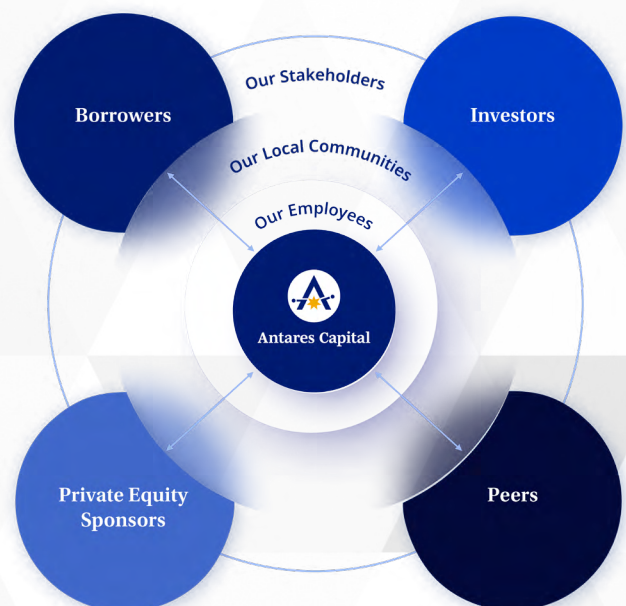
- A Message from the Head of Responsible Investment Strategy



# Responsible Investment

**R**esponsible Investment is grounded in our fiduciary duty to our investors alongside creating long-term value for the firm. Our approach is integrated in our role as a leading provider of financing and investment solutions. It is the thread connecting who we are as an investment firm — and part of a broader financial ecosystem — together with our values and how we act as a corporate citizen.

The role we play within the broader financial ecosystem is an essential aspect of Responsible Investment at Antares.





## A Message from our Chief Executive Officer

At Antares, we have long viewed incorporating the assessment of environmental, social, and governance (ESG) factors into our investment process as critical to understanding credit risk. We believe companies that manage and integrate ESG factors tend to be more resilient. As a good corporate citizen, we also believe we have a responsibility to participate in the financial ecosystem with integrity. Both are important commitments and reflect our values.

In this inaugural Responsible Investment Report, we share what Responsible Investment looks like in practice at Antares. We provide an overview of our Responsible Investment commitment, our progress as a firm, and our priorities.

Today, Responsible Investment principles inform how we manage risk and assess investment opportunities. Given the dynamic and evolving nature of ESG factors, we are committed to continually innovating and improving our Responsible Investment policy, governance, and structure to reflect ongoing transformation. Further, effective engagement with our employees, local communities, and broader stakeholders helps drive our Responsible Investment efforts.

As one element of our investment process within our Private Credit<sup>1</sup> business, we apply the IFRS<sup>2</sup> industry-specific SASB Standards (Sustainability Accounting Standards Board<sup>3</sup>) as a framework to review investments and weigh risk of any sustainability-related factors of these investments that are potentially material. This means looking closely at each investment with a lens on environment, social capital, human capital, business model and innovation, and leadership and governance of our borrower companies. We also assess material ESG factors, when relevant, as part of our recently established Liquid Credit<sup>4</sup> platform.



We appreciate that perspectives amongst our global investors may vary, and we continue to monitor the regulatory environments and emerging sustainability-related factors, alongside our investor needs.

We champion Responsible Investment at the corporate level, too. We leverage our relationships with our sponsors and borrowers, have measured our own climate footprint for the first time as a firm, and actively donate via strategic giving initiatives that benefit our local office communities. Our corporate citizenship is further defined by our commitment to support grassroots-level change by expanding the flow of capital to historically underrepresented groups in the early stages of starting businesses. Our REACH program exemplifies this priority and intersects with our commitment to diversity, equity, and inclusion (DEI).

### ***Creating value within our financial ecosystem***

We value our participation and partnerships across sectors, sponsors, and the communities in which Antares operates. We share resources and best practices on our Responsible Investment efforts with those across our industry, including other private credit managers and private equity sponsors.

As you read our report, we encourage your comments and seek opportunities for collaboration. Our approach continues to evolve, and we look forward to partnering with you in our Responsible Investment journey.



A handwritten signature in black ink, appearing to read 'Timothy G. Lyne', written in a cursive style.

**TIMOTHY G. LYNE**  
*Chief Executive Officer*

<sup>1</sup> Private Credit refers to the business of arranging, structuring, and/or investing in senior secured loans of private equity sponsored middle market companies (known as "Private Credit"). Private Credit excludes the Liquid Credit platform managed by Antares Liquid Credit Strategies LLC ("ALCS") but can include broadly syndicated loans either originated by the Antares platform or purchased on the secondary market.

<sup>2</sup> International Financial Reporting Standards Foundation

<sup>3</sup> Antares Capital licenses and uses the SASB Standards in our work.

<sup>4</sup> Liquid Credit refers to the secondary market business managed by ALCS, which includes broadly syndicated loans and high-yield bonds.



## SECTION ONE

# Who is Antares?

Founded in 1996, Antares is an experienced and cycle-tested alternative asset manager and a leading provider of financing for PE-backed borrowers. With one of the most seasoned teams in the industry, Antares is focused on delivering attractive risk-adjusted returns for investors and creating long-term value for stakeholders.

The firm manages \$64B+ of capital under management and administration as of June 30, 2023, and maintains offices in Atlanta, Chicago, Los Angeles, New York, Toronto and London. We are majority-owned by Canada Pension Plan Investment Board (CPP Investments™), one of the largest pension funds globally and a founding Principles for Responsible Investment (PRI) signatory.

Our Responsible Investment approach is a long-term mindset rooted in our corporate values and 25+-year history as a relationship-driven firm. Our relationships with private equity sponsors and our borrowers, many of which span decades, align with our approach.



# ANTARES AT A GLANCE

AS OF JUNE 30, 2023

**\$64B+**

Capital Under Management  
and Administration (CUMA)<sup>5</sup>

**430+**

Employees

**210+**

Investment Professionals

**150+**

Global Institutional Investors

**400+**

Relationships with Private Equity Firms

**~470**

Borrower Relationships

<sup>5</sup>As of June 30, 2023, CUMA is defined as the sum of, without duplication, (i) for actively investing advised accounts (i.e., funds and separately managed accounts) and contract investor programs, the total equity commitments and, with respect to actively investing advised accounts, maximum leverage limits per the applicable limited partnership agreement or other governing document of such accounts, plus (ii) for advised accounts or contract investor programs that are no longer investing, total outstanding principal balance of loans and loan commitments held by such vehicles, plus (iii) for advised CLOs that are not consolidated on Antares balance sheet, the sum of total outstanding principal balance of loans and loan commitments held thereby for investment, including cash, restricted cash and cash equivalents, plus (iv) for the consolidated Antares balance sheet (inclusive of CLOs that are consolidated within the Antares balance sheet), the sum of total outstanding principal balance of loans and loan commitments held thereby for investment, including investment securities (i.e., equity tags), cash, restricted cash and cash equivalents. For purposes of the foregoing clause (i), the maximum leverage limit included herein may be different from the actual amount of leverage applied in the case of any given account. Contract investor programs are not advised clients of Antares Capital Advisers LLC and are either self-directed or managed by a third party. For the avoidance of doubt, CUMA is not intended to be the same as (and is calculated differently as compared to) Antares Capital Advisers LLC's regulatory assets under management, as reported under Item 5.F on Part 1 of Form ADV.



## SECTION TWO

# Responsible Investment Team, Structure, and Governance

### COMMITMENT FROM THE TOP

Antares' robust governance structure has allowed us to successfully adopt an ESG integrated approach that considers material ESG factors alongside many other factors within our investment process. This structure also fulfills our fiduciary duty to our investors and serves our clients and communities as an active and dependable corporate citizen. Our framework starts by securing a commitment to Responsible Investment from the top.

We demonstrate this commitment through the resourcing, accountability, and engagement from our senior leadership, corporate owners, and employees. Chief Executive Officer (CEO) Timothy Lyne, Chief Investment Officer (CIO) Tyler Lindblad, and Chief Credit Officer (CCO) Shannon Fritz support and have accountability for the firm's Responsible Investment efforts. The Board of Directors has ultimate accountability for Antares' Responsible Investment approach and any material change to the Responsible Investment Policy must be approved by the Board of Directors.



Antares also receives strong support from our majority owner, CPP Investments, and Northleaf Capital Partners, our minority investor. Their engagement complements Antares’ senior leadership’s commitment to transparency as well as resourcing our Responsible Investment efforts.

### AN INTEGRATED EFFORT

Antares has built an organizational structure to administer and shape our Responsible Investment approach, reinforced with talent that represents and informs multiple departments.

We appointed the Head of Responsible Investment Strategy in January 2023: Mary Rose, a Managing Director who served as an Antares senior investment team member for more than 20 years and directly reports to our CIO. Subsequently in 2023, Mary added two Responsible Investment team members: Lauren Marks, Assistant Vice President, Responsible Investment Strategy, and Laura Schlickman, Philanthropic Program Manager.



“The opportunity to harness my investment experience and relationships within Antares and the broader market for the purpose of Responsible Investment is what intrigued me most when I made the transition to lead this engaged, cross-functional team within the firm.

As we advance our Responsible Investment efforts, we remain focused on the needs of each of the key stakeholders in the financial ecosystem of which Antares is a part. We view stakeholder engagement as an opportunity to drive collaboration and support continuous innovation. Specifically, Antares can leverage our position in the market for meaningful collaboration with our private equity sponsors, peers, borrowers, and investors.”

MARY F. ROSE  
*Managing Director, Head of  
Responsible Investment Strategy*



Mary leads Antares’ Responsible Investment Steering Committee, which drives our core Responsible Investment efforts and provides updates and recommendations to Antares’ CIO, CCO, and Executive Committee (EC). The 12-member Responsible Investment Steering Committee represents multiple core functions within the business, extending our collaborative approach across key disciplines at Antares.

A broader multi-disciplinary Responsible Investment Working Group, inclusive of the Responsible Investment Steering Committee, drives expanded ESG awareness and engagement throughout the firm.

#### **Our four key workstreams focus on:**

- ▶ **INVESTMENT PROCESS:**
  - Pre-Investment/Underwriting
  - Post-Investment/Portfolio Monitoring
- ▶ **INVESTOR NEEDS AND REPORTING:**
  - Investor Relations/Marketing/Sales
  - PRI Reporting
  - Enterprise Risk/Regulatory/Governance
- ▶ **STEWARDSHIP AND ENGAGEMENT:**
  - Power of the Portfolio
  - Climate Footprint
  - Social Responsibility
- ▶ **COMMERCIAL PARTNERSHIPS AND TRENDS**



# Responsible Investment Steering Committee



*Managing Director,  
Americas Leveraged Finance*  
**ALLIE BRADFORD (CPPIB)**  
Responsible Investment  
Board Champion



*Chief Investment Officer*  
**TYLER LINDBLAD**  
Responsible Investment  
EC Champion



*Head of Responsible  
Investment Strategy*  
**MARY F. ROSE**



*AVP, Responsible  
Investment Strategy*  
**LAUREN MARKS**

## INVESTMENT PROCESS



**HEIDI RINEHART**  
Credit Advisory



**KYLE BLUMER**  
Credit



**LAUREN MARKS**  
Responsible Investment

## INVESTOR NEEDS AND REPORTING



**MALVIKA GUPTA**  
Regulatory and Compliance



**ELLANN JOHNSON**  
Asset Management



**ANDRA PORTNOY**  
Investor Relations



**SHEILA BROWN**  
UK/Europe  
Asset Management

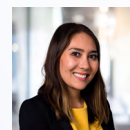
## STEWARDSHIP AND ENGAGEMENT



**CHRISTINE WAHL**  
Portfolio Originations

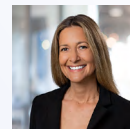


**RICHARD ALDRICH**  
Marketing and Communications

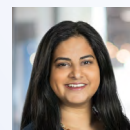


**LAURA SCHLICKMAN**  
Responsible Investment

## COMMERCIAL PARTNERSHIPS AND TRENDS



**MARY F. ROSE**  
Responsible Investment



**DEVASENA VALLABHANENI**  
Originations



# Our Responsible Investment Journey

*The journey started with the inception of Antares and from the beginning we have maintained a robust governance structure.*

2018

2020

2021

2022

2023

Published our Responsible Investment Policy, refreshed annually (most recently in September 2023)

Formed Antares Women's Exchange (AWE), our first Employee Impact Group (EIG)

Became a signatory of the CEO Action Pledge for Diversity and Inclusion

Executed partnership agreement with [Out Investors](#)

Formed a Working Group to organize efforts around ESG factors

Formed five additional EIGs:

- Antares Asian Association (AAA)
- Antares Black Council (ABC)
- Antares Pride Alliance (APA)
- Antares Veterans Network (AVN)
- Hispanic or Latino Alliance (HOLA)

Reinforced our commitment to DEI by appointing a DEI leader

Launched our proprietary ESG scorecard required for all new borrowers within Private Credit

Became a [PRI](#) signatory

Launched our Antares REACH Program

Executed partnership agreement with [Out and Equal Workplace Advocates](#)

Formalized our charitable giving guidelines

Appointed a Head of Responsible Investment Strategy

Formalized the structure of our Responsible Investment team and key workstreams

Completed our first PRI voluntary reporting submission





### SECTION THREE

## Investment Process

### ESG INTEGRATION IN OUR INVESTMENT PROCESS

At Antares, factoring material ESG considerations into our investment process enables us to assess risk more comprehensively and enhances our ability to create value and execute in ways that align with stakeholder interests.

To do this effectively, we evaluate and assess material ESG-related factors alongside other considerations during our underwriting process in new Private Credit opportunities by leveraging the five SASB Standards dimensions: environment, social capital, human capital, business model and innovation, and leadership and governance. The SASB Standards consider which factors are most applicable for the relevant

industry and sub-sector that a particular company operates in, which enables targeted and efficient analysis. This approach helps facilitate sound credit decisions and aligns well with the investment practices and policies of our private equity sponsors and investors.





At the portfolio level, we continue to improve our approach to identifying, assessing, and reporting material ESG risks. To this end, we have partnered with a variety of third-party experts, when necessary, to ensure we maintain access to industry-leading ESG expertise and guidance.

More generally, we look to our Responsible Investment Policy to guide this integration process.

## RESPONSIBLE INVESTMENT POLICY

Antares first published a Responsible Investment Policy in March 2018. Today, this policy articulates and formalizes our approach of embedding ESG factors in our investment process and deal culture more broadly, from pre-investment to portfolio management and engagement.

We have charged both our Head of Responsible Investment Strategy and the Responsible Investment Working Group with reviewing the policy and updating as necessary and no less than annually. As ESG considerations evolve, we are deliberate in how we define and track them. We also ensure that we ingrain a strong understanding of ESG and its importance in our culture and with our partners.

In updates made this year, we further defined parameters for when a new borrower, dividend recapitalization, refinancing, or a significant add-on loan requires an ESG scorecard for the direct lending practice within our Private Credit business. We also articulated guidance around the use of the SASB Standards and its dimensions within the ESG scorecard for Private Credit, described our approach to stewardship and engagement, and included an addendum for our recently launched Liquid Credit platform.



**“Antares believes that integrated Responsible Investment principles serve as good credit principles. We employ a thoughtful Responsible Investment framework grounded in a holistic view of risk management to support Antares’ investment strategy and deliver on our duties as a fiduciary.”**

TYLER LINDBLAD  
*Chief Investment Officer*

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## LIQUID CREDIT

The description of our primary means of integrating material ESG factors within our investment process throughout this report reflects our Private Credit business. In connection with the launch of our Liquid Credit platform in May 2023, we have taken care to ensure a prudent analysis of material ESG factors is also considered as part of the Liquid Credit investment process.

While applying the SASB Standards to our Liquid Credit segment is not practical given the availability of information in the syndicated market, the scale of our individual investments, and the condensed underwriting timeframes, our approach includes steps to ensure we have adequately considered relevant material ESG risks within our investment process. Our relevant assessment includes negative screening as per our policy, using RepRisk to assess historical ESG risks, reviewing Loan Syndication and Trading Association ESG questionnaires when available, and documenting material ESG risks in approval memorandums. As our recently established Liquid Credit platform matures, we will continue to share updates with our investors.

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## TRAINING

All investment professionals are accountable for implementing the policy on a day-to-day basis. Investment professionals are responsible for:

- Evaluating material ESG factors in diligence alongside other relevant investment factors.
- Documenting completed ESG diligence in approval and closing memorandums.
- Identifying and escalating potential exceptions to the Responsible Investment Policy and notable high-risk accounts.

To support Antares' commitment to Responsible Investment, we require comprehensive ESG education and training for all investment professionals. New investment professionals are trained upon joining the company, and all existing investment professionals participate in an annual refresher training on Antares' Responsible Investment processes and procedures. Outside experts may also provide additional training where appropriate.

In 2023, the investment process workstream leads conducted classroom-style trainings in our Chicago, New York, Atlanta, and Los Angeles offices to provide in-depth education on integrating material ESG factors within the investment process.

Antares defines ESG materiality based on a borrower's exposure to ESG factors and the borrower's organizational capacity to mitigate that risk. ESG materiality also considers the potential adverse ESG event outcomes that could impact solvency or reputation.

## RISK ASSESSMENT AND MANAGEMENT

Antares flags ESG concerns early in the screening process and/or during the underwriting due diligence process. For our initial review, we identify transaction-specific ESG considerations and issues in the preliminary evaluation of a loan and employ a negative screen. We integrate ESG diligence into the underwriting of new borrowers, dividend recapitalizations, material refinancings, and significant add-on loans.

The ESG due diligence process uses a SASB Standards-aligned ESG scorecard to evaluate prospective borrowers based on the relevant industry and sector outlined within the SASB Standards, along with the deal team's knowledge of a borrower's operations. The scorecard guides our consideration of material ESG focus areas, incorporates a qualitative assessment, and assigns a risk level to each of the five SASB Standards dimensions as well as an overall ESG risk assessment rating.

Moreover, the SASB Standards support our efforts to identify and communicate material ESG-related risks and opportunities that could affect the financial performance of our borrowers. The SASB Standards help to enhance our ability to qualify and compare ESG-related information and factors across different industries. This, in turn, helps our investment professionals to make informed decisions about a company's performance.

We include scorecards within approval memorandums, which are then presented to the Antares Capital Advisers LLC Investment Committee (ACA IC) and updated as necessary in closing memorandums based on additional diligence received. On a periodic basis, the Antares' Enterprise Risk Committee reviews a report which tracks that completed ESG scorecards are included within IC approval memorandums, if required, based on the transaction type in adherence with the Responsible Investment Policy.

## Investment Process for Private Credit





Finally, we leverage internal and external resources, when necessary, to assess ESG considerations and risk factors related to a particular investment opportunity, as well as possible risk-mitigation strategies. Examples include:

- Malk Partners provides expertise on key material ESG due diligence considerations for select transactions and advice on developing Antares' ESG approach, policy, and procedures.

- Antares engages third-party environmental consultants for all new borrowers to assess environmental-related risks.
- RepRisk's ESG Risk Platform helps Antares conduct research and assess historical ESG risks for new opportunities during the initial due diligence process.



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**Antares has several measures in place to enhance portfolio oversight and management.**

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## SCORECARD COVERAGE AND ENHANCEMENTS

In 2021, the Responsible Investment Working Group began formal training for all investment professionals to identify and perform due diligence on key ESG factors. In addition, we launched our ESG scorecard within the Private Credit business.

Since Q1 2021, we have required ESG scorecards for all new borrowers, dividend recapitalizations, refinancings, and significant add-on loans within Private Credit. ESG scorecard integration connects to the natural cycle of our underwriting process and should increase organically over time, as we generate most of our deal flow from our existing portfolio companies.

## PORTFOLIO MONITORING AND ENGAGEMENT FOR PRIVATE CREDIT

Antares has several measures in place to enhance portfolio oversight and management. Our investment professionals remain in contact with the management teams of agented borrowers and use media alerts to monitor material ESG risk changes throughout the investment's lifespan.

We also adopted internal controls to elevate any material ESG risks that investment professionals identify, enabling us to monitor and address ESG-related matters proactively to mitigate risk. Additionally, we leverage RepRisk to monitor ESG risks continuously across our existing portfolio accounts.

Further, Antares' Responsible Investment Working Group published an ESG Borrower Resource Guide in September 2022, engaging our borrowers by providing an educational resource on how to advance their ESG efforts.





## CLIMATE

### *Why Climate Matters*

At Antares, we recognize that climate change will have significant physical and economic effects on many distinct aspects of human activity. From a lender and credit investor perspective, climate change may pose real risks, whether physical, regulatory, or competitive, to some borrowers within our portfolio. We believe companies that manage climate risk and opportunities tend to be better positioned.

Ultimately, our approach to climate, though in an early and evolving stage, aligns with our broader Responsible Investment objectives and initiatives. In this, we look to create value and link our efforts to those of others in our financial ecosystem, as well as collaborate and share best practices, data, and resources across stakeholders in private credit and private equity.

## OUR APPROACH

Our practices, goals, and objectives with respect to climate are a work in progress under continuous review by our cross-functional Responsible Investment Working Group. Antares' approach encompasses risk management (underwriting and portfolio management), engagement, and measurement and metrics.



## RISK MANAGEMENT

We currently leverage the SASB Standards in our ESG scorecard during underwriting for Private Credit and may consider material climate-related factors according to the industries in which the potential borrower is involved. When material climate-related issues arise, our investment professionals assess whether climate change risks – physical and/or transition-related – pose a material credit risk, the likelihood of the risk, and strategies in place to mitigate the risk. Additionally, Antares engages environmental consultants for all new Private Credit borrowers.



### Our Approach

## MEASUREMENT AND METRICS

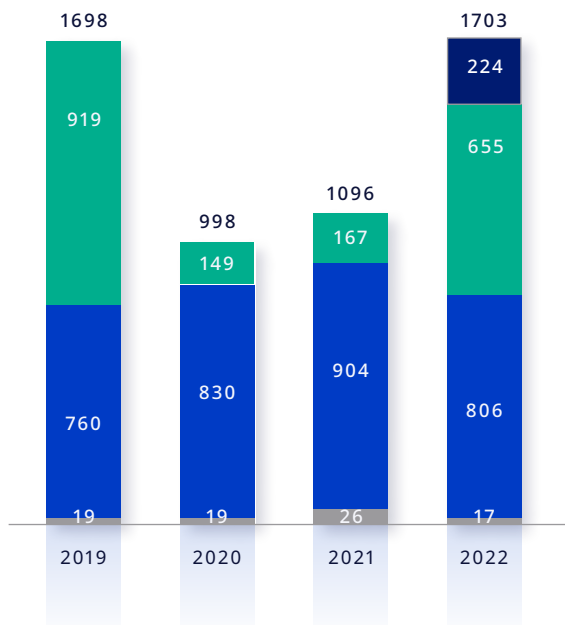
As we develop our climate-related goals, we have begun measuring our own CO<sub>2</sub> equivalent operational emissions. To this end, Antares works with Persefoni, a leading SaaS-based carbon accounting and decarbonization planning platform, to measure our operational (Scope 1-3) emissions – as disclosed in Exhibit 1 – to enhance our transparency.

## ENGAGEMENT

In addition to engaging our borrowers and sponsors in the normal course of risk management, we aspire to further develop our data collection, measurement, and emissions mitigation efforts both for ourselves (operational emissions) and our borrowers (financed emissions). We hope to influence progress on climate-related disclosure and management more broadly across the ecosystem in which we operate by supporting convergence and standardization initiatives across various industry associations and regulatory reporting frameworks. These efforts align with our signatory commitment to the PRI, the goals of our owners (CPP Investments and Northleaf Capital Partners), and the climate-related commitments of many of our limited partners.

**EXHIBIT 1:  
Antares Capital Operational CO<sub>2</sub>  
Equivalent Emissions (excluding  
Financed Emissions)\***

- ▶ SCOPE 1
- ▶ SCOPE 2
- ▶ SCOPE 3
- ▶ SCOPE 3 ADD'L AREAS



We have also engaged Driftwood Climate to help us expand and refine our data collection and identify areas where we can begin to translate collected data into relevant actions. Some initial targets include educating employees around less carbon-intensive travel and commuting options, better waste management, and making informed choices about our office footprint. In the future, we hope to expand our operational emissions-related data collection to include waste and certain purchased goods and services.

For financed emissions, we have collected the required inputs to complete revenue-based estimations across ~470 companies held in our Private Credit portfolio over the past four years. These inputs include the borrower-relevant North American Industry Classification System (NAICS) codes, company revenue, our loan balance share within the capital structure, and a selection of the appropriate emissions factors.

These estimates are Partnership for Carbon Accounting Financials (PCAF) compliant at the level of Data Quality (DQ) 4 and provide a useful baseline that shows our portfolio’s CO<sub>2</sub> equivalent intensity. However, these rudimentary estimates are not a substitute for the real measurement data that borrowers provide. Consequently, Antares has engaged Novata, an ESG data collection and reporting platform, to enrich our initial estimates over time with real borrower-supplied data.

\*The emissions footprint was calculated and is being presented in accordance with the Greenhouse Gas Protocol for Corporate Accounting and Reporting. Scope 1 includes natural gas use for office heating; Scope 2 includes purchased electricity and steam at our offices; Scope 3 includes business travel and, in 2022, an estimate of employee commuting. Please note the calculations and metrics reflect usage from activities at the corporate level only.



**“Our approach to Responsible Investment reflects the fact that as we assess our borrowers based on the SASB Standards and ESG frameworks, we also have a responsibility to look at ourselves from a corporate citizenship perspective.”**

MARY F. ROSE  
*Managing Director, Head of Responsible Investment Strategy*



## SECTION FOUR

# Corporate Citizenship

We take our role in the broader financial ecosystem seriously. This includes the local communities in which we live and work as well as the Private Credit landscape. Our position as a market-leading financial firm greatly influences how we think about our role as a corporate citizen. For instance, we share knowledge to help guide and inform those within our community of Private Credit borrowers.

We also believe we have a responsibility to help drive greater diversity in our markets, unlocking opportunities for underrepresented talent. We address this responsibility in three primary ways: through our DEI commitment, our REACH program that expands the flow of capital to historically underrepresented talent in business, and our *We Build Community* charitable giving strategy.



## DIVERSITY, EQUITY, AND INCLUSION

Antares is committed to creating a diverse, equitable, and inclusive work environment where every employee is valued and respected for their contributions to the workplace. As a market leader for more than 25 years, we have seen how embracing the full spectrum of humanity enriches our work, enhances our performance, and strengthens our relationships with our clients, partners, and communities.

We are proud of the initiatives we have taken to foster DEI at Antares. We believe that we are One team, stronger and better together. We are proud that our workforce is inclusive of diverse experiences, backgrounds, and perspectives. We celebrate characteristics each employee brings to the workplace from race, color, religion or creed, age, sex, gender, sexual preference or identity, physical or mental disability, genetic history, national origin or ancestry, ethnicity, citizenship status, military or veteran status, economic background, and family status to political beliefs and more. This commitment applies to all aspects of our business, including fair and transparent policies and practices.



We also recognize that this effort is ongoing. We constantly learn from our successes and challenges and strive to improve our efforts to strengthen belonging at Antares. We welcome employee feedback on how we can make Antares a place where everyone feels proud of where they work and the people they work with.

**“As a long-standing industry leader, consistently and reliably serving our clients are hallmarks of our value proposition. We want to further differentiate ourselves as a destination for top talent by deepening our culture of belonging. This commitment will allow us to attract more capital, generate better returns for our shareholders, and help our people, partners, and communities thrive and prosper.”**

TRACY RABEN  
*Chief Human Resources Officer (CHRO)*

## DEI GOVERNANCE, STRUCTURE, AND EMPLOYEE IMPACT GROUPS

Antares' DEI Steering Committee, Impact Council, and six EIGs illustrate and advance our DEI commitment. Our DEI Steering Committee sets the DEI strategy and goals for Antares and is headed by Antares' CEO, CHRO, and Vice President, DEI, Kym Anglin. Our Impact Council is composed of nominated employees with an expressed interest in belonging and works to implement our DEI strategy alongside Human Resources and senior leadership and supports Antares' six EIGs.

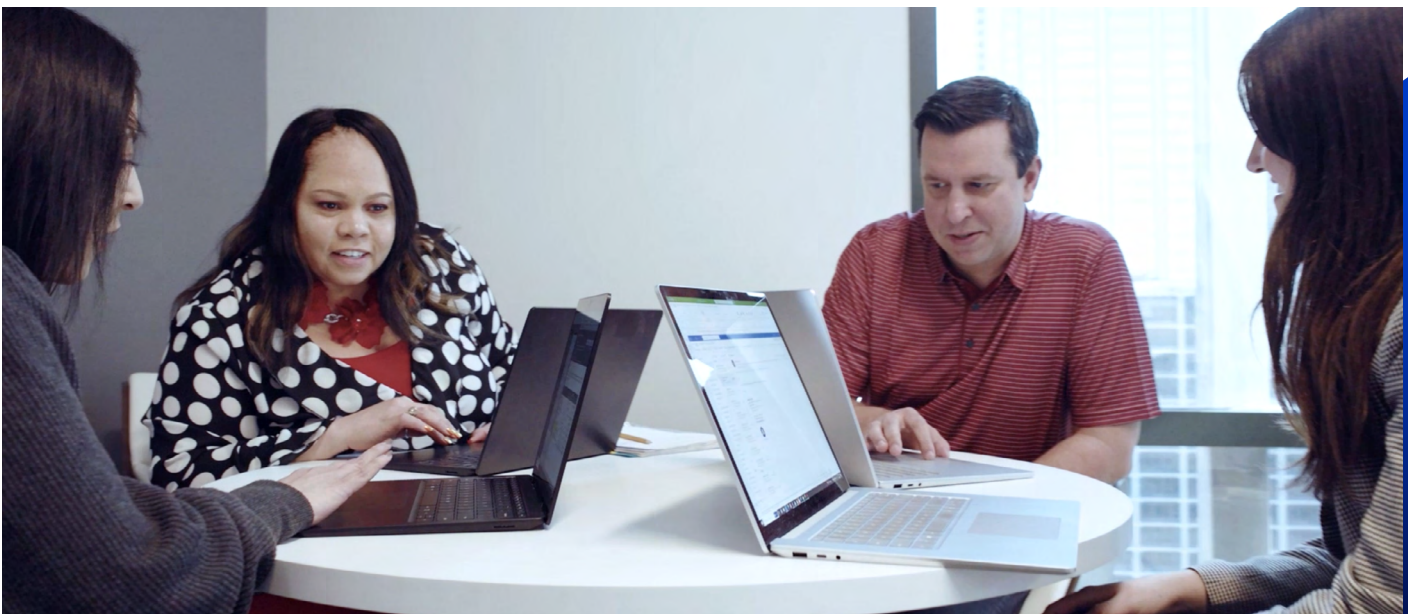
- Antares Asian Association
- Antares Black Council
- Antares Pride Alliance
- Antares Veterans Network
- Antares Women's Exchange
- Hispanic or Latino Alliance

Membership in any of our EIGs is open to all employees, regardless of their identity. Our EIGs actively champion efforts to promote a culture of learning, connection, and community through ongoing dialogue, courageous conversations, and impactful events.

## DEI DEVELOPMENTS AND PROGRAMMING

The following initiatives and partnerships support our DEI efforts.

- We continue to develop our vendor diversity initiative to support diverse suppliers.
- We are a signatory of the CEO Action Pledge for Diversity & Inclusion and a partner of Out & Equal, Out Investors, and Catalyst.
- We have teamed up with Paradigm Strategy, Inc. to offer inclusive culture training to all employees. As of June 2023, 95% of employees have completed this training.





## REACH: AIMING HIGH, EXPANDING THE FLOW OF CAPITAL

We developed our REACH program in 2021 and formally launched it in 2022. This program is a key element of our Responsible Investment strategy to expand the flow of capital to historically underrepresented talent in business.

A recent [McKinsey & Company](#) report noted that in 2022, Black and Latino founders received only 1 percent and 1.5 percent, respectively, of total U.S. venture capital funding. Women-founded teams received 1.9 percent of venture capital funds, while only 0.1 percent of those funds went to Black and Latino female founders.

Through REACH, we are taking steps to address the inequities in funding to diverse-owned businesses (i.e., women, people of color, military-affiliated, persons with disabilities, and/or LGBTQ+). The two primary components of REACH are our flagship grant program (see sidebar) as well as our grassroots community partnerships.

This philanthropic program represents the intersection of charitable giving, engagement in the communities in which we live and work, and our commitment to DEI – while connecting to our heritage and purpose as a finance company.



## Working Together with Purpose

The Antares REACH Grant Program is a customized initiative developed in partnership with both Hello Alice, a digital platform that helps small businesses access capital, and Global Entrepreneurship Network, a global nonprofit that supports founders' efforts to start and scale new businesses.

The \$1 million program launched in 2022, providing 40 grants to diverse-owned businesses in their nascent stages. We launched year two of our grant program in July 2023, building on the prior year's success. Antares took an expanded approach—beyond dollars—to help entrepreneurs on their paths to scale by layering in educational resources and mentorship.





Our cross-functional, cross-office REACH team – approximately 15 members – includes a representative from each EIG. Additionally, approximately 20% of Antares employees have been actively involved in the program.

As part of the REACH program, Antares supports grassroots community partners to help create a stronger ecosystem of support for historically underrepresented small business owners. These partners expand the flow of capital to diverse founders by providing effective and tangible resources in the form of grants, professional networks, training, mentorships, pitch coaching, and founder community building. Additionally, we have begun exploring partnerships with organizations focused on supporting emerging fund managers from historically underrepresented groups – specifically where we can contribute philanthropic dollars to support their programming.



MANUELA ZONINSEIN  
CEO and Founder, Kadeya

Antares REACH  
Philanthropic Grant Recipient

“Entrepreneurship truly is a game of inches, and not just because it demands huge amounts of unwavering commitment, follow-through, and hard work. It’s because every new success, small though it may seem, further validates one’s concept to a new tier of potential supporters, customers, and investors. That’s what the Antares REACH Grant did for Kadeya: it leveled us up in the eyes of our stakeholders, validating our work and legitimizing our vision so that others felt more comfortable backing us in additional ways. One inch led to many inches, and those inches are now evolving into feet, yards, and eventually, miles.”

## CHARITABLE GIVING

Antares' Charitable Giving program takes an intentional and strategically focused approach toward giving back to maximize our impact. This aligns with the holistic role we play as a corporate citizen in the broader financial ecosystem and in our philosophy on Responsible Investment.

Our cross-functional, cross-office Charitable Giving Team oversees donation review and diligence, ensuring that we deploy our giving dollars responsibly both locally and nationally.

Through our giving program, we support nonprofit organizations whose efforts focus on four key areas:

- Education
- Health
- Social justice and equity
- Underserved youth

Our programs spark engagement with our employees, clients, and our local and extended communities. In 2022, more than one-third of our employees participated in our Charitable Giving program across our offices.

Antares donates to mission-aligned nonprofit organizations at a corporate and local level, including the following, which are subset of the broader group we support:





CASE STUDY

# Nurturing Talent, Growing Leaders:

## ANTARES AND GREENHOUSE SCHOLARS

Antares recognizes the importance of investing in young leaders, as their success helps to build an even stronger marketplace. In this effort, we partnered with Greenhouse Scholars, a nonprofit organization that is cultivating a diverse community of leaders and providing personal and financial support to high-performing, under-resourced individuals during their college years and beyond. The initiative focuses on effecting sustainable, generational community change, especially in communities with the fewest resources.

Members of senior leadership, including Antares' CEO and Chief Risk Officer, participate by reviewing applications, advising youth, and serving on boards. Dozens of Antares employees across multiple offices have gotten involved by attending events, volunteering, interacting with individuals one-on-one and in groups, and with personal donations.

This year, we connected Greenhouse Scholars' Young Leaders Program to our REACH program to support Greenhouse Scholars participants in starting and scaling businesses. In addition, we incorporated Greenhouse Scholars into our annual Client Summit, introducing our borrower clients to the organization and offering them an opportunity to support the program directly.

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**97%**

**of Greenhouse Scholars graduate from college compared to 15% of all low-income, first-generation students**

**4,000**

**communities affected by Greenhouse Scholars, including K-12 schools, large social groups, and geographic communities**

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## SHARING ANTARES' KNOWLEDGE

On an ongoing basis, we engage in dialogue and share tools and resources with our borrowers and their management teams relating to ESG factors that may impact their companies and the evolving landscape. The power of our portfolio broadens this engagement, sharing throughout our ecosystem data and insights we draw from our relationships with ~470 portfolio companies. These can help provide context and value for others navigating the changing responsible investing space.

## GUIDING BORROWERS

We provide our Private Credit borrowers with our Borrower ESG Resource Guide, an educational resource highlighting ways they can define and progress their ESG journey. More broadly, the guide enhances our efforts to share best practices with stakeholders across our ecosystem. We define stakeholders in this context as private equity clients (our borrowers), investors, employees, our owners (CPP Investments and Northleaf Capital Partners), and other private credit firms in our industry.

Antares' Marketing and Responsible Investment Working Group Stewardship and Engagement teams assembled the guide for borrowers and their private equity sponsors to orient them to important ESG concepts. These include highlighted ESG factors relevant by industry, tips on evaluating companies' ESG strategies, and a list of service providers, tools, and consultants in the space.

## EDUCATIONAL WEBINARS

Our stewardship and engagement activities have also included co-hosting webinars to educate borrowers on and increase their awareness of ESG risk factors.

Antares partnered with CrowdStrike Holdings, Inc., a leading global cybersecurity technology company, to host a webinar for Antares' borrowers on how to defend their organizations from cybersecurity risk and the evolving threat landscape. We have teamed with accounting and advisory firm Grant Thornton to help borrowers conceptualize their ESG approaches. Also, Antares worked with the management consulting firm Thoughtium to help borrowers adopt a performance culture to weather periods of growth or change.



## SECTION FIVE

# What's Next? Our Upcoming Priorities

Antares organizes upcoming priorities to align directly with our four key workstreams, as well as the structure and resources of our Responsible Investment Working Group.

### INVESTMENT PROCESS

Over the near term, we will continue to enhance our monitoring procedures related to sustainability-related factors by expanding upon the thoughtful and integrated ESG approach aligned to the SASB Standards assessing material risks and opportunities.

- Leveraging the Novata software platform (engagement began in Q3 2023) to streamline ESG data collection, reporting, and ongoing monitoring.
- Integrating the review of material ESG risks within existing companywide portfolio discussions.

## INVESTOR NEEDS AND REPORTING

- Investor Relations – Building upon our inaugural Responsible Investment Report to boost communication with investors and all key stakeholders; we invite your continued feedback and input.
- PRI Reporting – Harnessing our first voluntary PRI transparency report to prioritize areas of further improvement and future goals.
- Enterprise Risk/Regulatory – Acknowledging the increasing regulatory focus on ESG matters globally and aligning with evolving regulations to minimize regulatory risks in different jurisdictions.
- Power of the Portfolio – Continuing to engage with private equity sponsors and borrowers to learn and share best practices.
- Social Responsibility – Continuing to incorporate social responsibility into Responsible Investment through our DEI, REACH, and charitable giving initiatives.
- Climate – Continuing to take action to:
  - Improve firmwide awareness and data collection.
  - Set corporate climate footprint goals.
  - Engage employees around Antares' carbon footprint and sustainability efforts.
  - Maintain ongoing dialogue with sponsor owners to understand if and how they are implementing ESG-related initiatives and collecting data from their portfolio companies.
  - Assess relevant industry frameworks.

## STEWARDSHIP AND ENGAGEMENT

Our near-term focus areas involve leveraging the power of the portfolio – our ~470 portfolio accounts with approximately 165 discrete private equity sponsor relationships, our social responsibility, and an intentional and informed approach to our climate footprint.





## COMMERCIAL PARTNERSHIPS AND TRENDS

Staying abreast of evolving trends within the broader ESG space has never been more important. A key element of this is to continue to collaborate with and learn from other players in our industry, particularly other private credit firms, as well as our private equity client base. Some of the primary ways we will direct these efforts going forward include:

- Actively participating in organized industry efforts.
  - **Loan Syndications and Trading Association (LSTA):**  
We have representation on the LSTA Environmental, Social, and Governance Working Group, which meets regularly to discuss emerging topics related to Responsible Investment and ESG in leveraged finance.
  - **Novata General Partner Advisory Committee (GPAC):**  
As a member of this GPAC, which we joined in 2023, we will leverage the advisory council to continue to share best practices and learn from others within the private credit and private equity markets.
  - **Investment Diversity Advisory Council (IDAC):**  
IDAC was launched by large players in the asset management industry and focuses on promoting transparency, structure standards, and sharing best practices. Antares is a sponsor of IDAC and as such collaborates with others in the asset management space on DEI topics.
- Regularly attending industry events/conferences and participating in relevant discussions within the private credit and private equity markets.
- Continuing dialogue with our owners (CPP Investments and Northleaf Capital Partners) and third-party investors.
- Leveraging perspective from knowledgeable consultants in the industry ([reference on page 17](#)).
- Evaluating support for relevant industry frameworks and data convergence initiatives.

## IN CLOSING

# A Message from the Head of Responsible Investment Strategy

I am honored to lead Responsible Investment Strategy at Antares. I have spent my career as an investment professional and have seen first-hand why this work is important – more so than ever before.

When we involve our employees in our Responsible Investment efforts, we expand the connected engagement we see within our team. We know that employee engagement is not only a key element of a strong culture but that it also contributes to profit. Responsible Investment means being purposeful and thinking about who we are, the role we play in the broader financial ecosystem, and how Antares can deliver greater value to our investors and to our people, partners, and communities.

We are committed to building on our existing Responsible Investment program, strengthening our credit risk management approach and role as a fiduciary. We are excited to be a PRI signatory, thereby harmonizing our sustainability reporting efforts and deepening our resolve as a conscientious member of the broader investment community.

We believe that strengthening our Responsible Investment practices is an important effort. We are energized by the focus and dedication of our employees and stakeholders related to Antares' role and initiatives.

Responsible Investment presents an opportunity for true collaboration within the private credit, private equity, and asset management spheres.

We appreciate your continued support.



A handwritten signature in black ink that reads "Mary F. Rose". The signature is fluid and cursive.

**MARY F. ROSE**

*Managing Director, Head of Responsible Investment Strategy*



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